Massachusetts
Medicaid Reform

Summary

Massachusetts reform involves two separate initiatives. Massachusetts renewed the existing §1115 waiver program, known as **MassHealth,** and plans to implement a new universal coverage model. The State intends to provide access to affordable, portable, private insurance coverage to all its citizens through the new Commonwealth Health Insurance Connector, a quasi-governmental insurance brokerage agency. The Connector will provide individuals and small business employees a central location where they may select health care coverage from among multiple health insurance plans. The Connector will also administer premium assistance for individuals with incomes from 100% to 300% FPL. Beginning July 1, 2007, all state residents will be required to carry a minimum level of health insurance coverage (or pay a penalty) and all businesses of a certain size will be required to offer insurance (or pay a penalty).

Financing

- Redistribution of existing Medicaid funds for uncompensated care to subsidize private insurance for low income workers
- New funds from employer assessments and SGF
- Tax penalties on qualified purchasers who fail to enroll in a health plan
- Preservation of at-risk federal funds for the uninsured.
    - CMS would not renew the existing §1115 waiver and Massachusetts would have lost $385 million in annual Federal Medicaid payments because funds were not being used as intended under the waiver agreement. Certain intergovernmental transfers were eliminated under the new waiver agreement.
- Total funding sources for the universal coverage initiative remain unclear

Nature of Reform

- Coordinates insurance purchases for individuals through a quasi-public brokerage: the "Connector"
- Mandates individuals to purchase insurance coverage: residents that do not buy insurance must contribute to help fund subsidies offered through the "Connector"
- Requires businesses to offer coverage: businesses with more than 10 workers that don't offer insurance must contribute to help fund subsidies offered through the "Connector"
- Partially deregulates small-group and non-group health insurance markets

Expansion Size

- Coverage to all citizens (550,000) without insurance through subsidies and mandates
- Subsidies to low income, non-Medicaid eligible uninsured individuals between 100% and 300% of poverty
- Increases eligibility for public health insurance coverage for children to 300% of poverty

Coverage

- Uninsured workers and individuals can purchase insurance through the Connector
- Subsidies will be available to low income workers, families or individuals to help with premium payments
- Family plans will allow young adults to remain covered for two years beyond eligibility, to age 25
- A variety of new insurance products may be marketed with a range of price points: e.g., low cost, minimal coverage for single young adults
- Purchase of a high-deductible plan (i.e., with an HSA) satisfies the coverage mandate